



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

January 27, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**OPTION AGREEMENT FOR GROUND LEASE AND JOINT USE  
WITH HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT  
FOR A COMMUNITY CENTER AT 1234 VALENCIA AVENUE, HACIENDA HEIGHTS  
(FOURTH DISTRICT) (3 VOTES)**

**SUBJECT**

This recommendation is for approval of a three-year option agreement for a 40-year ground lease and joint use agreement with the Hacienda La Puente Unified School District.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Chairman to execute the Option Agreement for Ground Lease and Joint Use (Option Agreement) and the Memorandum of Option, with the Hacienda La Puente Unified School District (District) to enable planning for a new community center to be located at 1234 Valencia Avenue, Hacienda Heights.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The District owns a parcel of land located at 1234 Valencia Avenue in Hacienda Heights (Hillgrove Site). The Hillgrove Site has not been used for classroom purposes for more than ten years and the District's governing board has determined that it will not be needed for this purpose in the foreseeable future. In order to meet constituent needs in the area, the County of Los Angeles (County) has been seeking a property for the purpose of organizing, promoting and conducting recreational programs for the Hacienda Heights community.

*"To Enrich Lives Through Effective And Caring Service"*

**Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only**

The proposed Option Agreement (Attachment A) grants an option to the County to enter into a ground lease and joint use agreement with the District for use of the Hillgrove Site as a community center and recreational facility for the community and students of the District. The option term is for three years with the possibility of extensions of the term. During this time, the County will prepare a master site plan for the Hillgrove Site and complete its environmental review pursuant to the California Environmental Quality Act (CEQA).

Development and construction of the project are expected to be undertaken by the Community Development Commission (CDC). On January 13, 2009, acting as the County's Board of Community Development Commissioners, your Board approved a contract for an architect to prepare the master site plan and proceed with the planning phase of the project. Once the master site plan and CEQA document are prepared, the Chief Executive Office (CEO) will return to your Board to exercise the option to enter into the ground lease and joint use agreement, and proceed with the project for development of the Hillgrove Site.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we provide the public with the effective delivery of services (Goal 1), that we act in a fiscally responsible manner (Goal 4), and that we provide community services to all County residents (Goal 6). The proposed option will provide the necessary time required to prepare a master site plan for the Hillgrove Site as a community center/recreational facility for joint use by the community and students of the District.

#### **FISCAL IMPACT/FINANCING**

The County, through the CDC, will incur the costs to develop the master site plan and complete the environmental review. Should the County exercise the option, the CDC will also incur costs related to the development of the Hillgrove Site. Preliminary estimates indicate a total cost of approximately \$15 million to construct the community center. In exchange for the County incurring these costs and for allowing joint use of the Hillgrove Site, the District agrees to provide a 40-year ground lease to the County without payment of any additional rent. The County may extend the term of the ground lease for one or more extensions of up to an additional 39 years, but the District may elect to charge an annual rental rate for any extension, which will be negotiable based upon the fair market value of the property, exclusive of improvements.

The estimated costs of improvements will be presented with the master site plan prior to your Board's consideration of its exercise of the option.

<b>1234 VALENCIA AVENUE HACIENDA HEIGHTS</b>	<b>OPTION AGREEMENT</b>	<b>GROUND LEASE AND JOINT USE AGREEMENT</b>
Term (years)	36 months	40 years
Option to Extend	Three options, each for 6 months	Option for one or more extensions for up to 39 years
Annual Rent	Not applicable	Construction of improvements/joint use. Rent during extension period at a negotiable rate.
Utilities, Repair & Maintenance	Not applicable	Paid by the County
Cancellation Right	Not applicable	County may cancel at any time upon 180 days notice and the transfer of title to the improvements to the District

Funding for this project will be provided from the Fourth District, Puente Hills Landfill-Community Benefit and Environmental Trust Funds, and Fourth District Capital Project Funds. Funding approval for development of the site based on the master site plan will be recommended to your Board at the time the master site plan and CEQA document are presented to your Board for consideration.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Hacienda Heights community has a significant need for a community center for group activities, social support, public information, and other active recreational space. The Hillgrove Site is a nine-acre property currently improved with school facilities, but has not been used for K-12 classroom purposes for more than ten years.

The proposed Option Agreement will enable the County to engage in a planning process for use of the Hillgrove Site and to conduct the necessary investigation (soil report, hazmat report, etc.) and CEQA environmental review to determine if exercise of the option is appropriate. The Option Agreement contains the following provisions:

- A term of 36 months, with three options for six months each.
- The agreements between the County and District will terminate if the County elects not to exercise its option or proceed with the improvements.
- In such an event, the County will provide the District with all studies and plans completed to date together with a quitclaim deed transferring all County interests back to the District.

The proposed ground lease and joint use agreement will provide the basic terms for County development and occupancy of the Hillgrove Site and a framework for its joint use by the County and the District. The ground lease and joint use agreement will contain the following provisions:

- A base term of 40 years, with an option for an additional term or terms up to 39 years.
- All improvements will be owned by the County until the expiration or termination of the ground lease.
- The terms, conditions and rental rate if any, for the extension period will be subject to negotiations between the County and the District at the end of the 40-year base term.
- As an attachment to the ground lease agreement, a memorandum of understanding will detail the specific programmatic terms of the shared use and allocation of operating costs that will be negotiated once the master site plan has been developed.

The Option Agreement was approved by the District governing body at its meeting on December 11, 2008.

County Counsel has approved the Option Agreement as to form.

#### **ENVIRONMENTAL DOCUMENTATION**

A full environmental review and analysis in compliance with CEQA will occur in conjunction with the preparation of a master site plan for the Hillgrove Site, and will be available for your Board's consideration prior to the time in which your Board must determine whether or not to exercise the option.

The Honorable Board of Supervisors  
January 27, 2009  
Page 5

## **CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return two adopted, stamped Board letters and two certified copies of the Minute Order to the CEO, Real Estate Division, 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DL:JSE  
CEM:MS:hd

Attachment (1)

c: County Counsel  
Auditor-Controller  
Community Development Commission

1234Valencia.b

**OPTION AGREEMENT  
FOR  
GROUND LEASE AND JOINT USE (HILLGROVE)**

(Hacienda La Puente School District/County of Los Angeles)

This Option Agreement ("**Option Agreement**") is made effective as of \_\_\_\_\_, 2009 ("**Effective Date**"), by and between HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California ("**District**"), and COUNTY OF LOS ANGELES, a body corporate and politic ("**County**" or "**Optionee**").

**RECITALS**

A. District is the owner of certain real property, consisting of approximately nine (9) acres located at 1234 Valencia Avenue in Hacienda Heights, California, formerly known as the Hillgrove Site and legally described on Lease Exhibit A which is part of the Ground Lease and Joint Use Agreement ("**Ground Lease/Use Agreement**") attached hereto as **Option Exhibit A** and by this reference made a part hereof.

B. The Property has not been used for K-12 classroom purposes for more than ten years and the District's governing board has determined that it will not be needed in the foreseeable future.

C. County seeks property for construction of a community center and related recreational and public improvements to be used jointly by County and District for the provision of recreation and community services and District is willing to lease the Property for such purposes.

D. Sections 10900, *et seq.*, of the California Education Code authorize and empower District and County to cooperate with one another for the purpose of organizing, promoting and conducting programs of community recreation which will contribute to the attainment of general educational and recreational objectives for children and adults of this State and to acquire, construct, improve, maintain and operate recreational facilities.

E. Section 10910 of the California Education Code authorizes the District to use its buildings, grounds and equipment or to grant the use of its buildings, grounds or equipment to any other public authority for community recreational purposes.

F. District desires to grant County an option to lease the Property under a long term ground lease and County desires to acquire an option to lease the Property upon the terms and conditions set forth herein.

**NOW THEREFORE**, in consideration for the mutual covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District and Optionee hereby agree as follows:

## **ARTICLE 1** **GRANT OF OPTION**

District grants to Optionee the option to lease the Property ("**Option**") on the terms and conditions set forth in this Option Agreement.

## **ARTICLE 2** **CONSIDERATION**

As consideration for this Option Agreement, Optionee shall perform the actions listed in paragraph 3.2 below at its own expense. Upon execution of this Option, District and Optionee shall continue to negotiate consideration for Optionee's lease of the Property to determine the extent of District's joint use of the Property or other consideration and the parties shall include a description of the final determination in the Memorandum of Understanding referenced in Article 5 of the Ground Lease, attached hereto as **Option Exhibit A**.

## **ARTICLE 3** **TERM OF OPTION**

**3.1     Term.** The initial term of this Option shall be thirty-six (36) months, commencing on the Effective Date ("**Option Term**"). The initial Option Term shall expire on the first day of the thirty-seventh (37th) month after the Effective Date ("**Expiration Date**").

**3.2     Actions.** During the Option Term and any extensions, Optionee shall (i) complete its master plan for development of the Property ("**Master Plan**"); and (ii) complete any required environmental review in compliance with the applicable requirements of the California Environmental Quality Act ("**CEQA**") for Optionee's proposed development.

**3.2.1   Master Plan.** Optionee shall submit to District a copy of the Master Plan prior to final approval by Optionee's governing board. District shall have thirty (30) days in which to review and approve the Master Plan, which approval shall not be unreasonably withheld. The parties agree to cooperate in development and completion of the Master Plan. Optionee shall provide to District a copy of the final approval of the Master Plan by Optionee's governing board.

**3.2.2   CEQA.** With regard to any environmental review of the Property during the Option Term, Optionee shall keep District informed of the review process.

**3.3 Extensions.** As long as this Option Agreement remains in effect, Optionee may extend the Option Term for three (3) six (6)-month periods by fulfillment of required conditions in paragraph 3.4.

**3.4 First Extension.** Prior to the first extension of the Option Term Optionee shall provide District with the following: (i) written notification no later than ten days prior to the Expiration Date that it wishes to extend the Option Term; (ii) evidence that Optionee has initiated the required environmental review and study to ensure compliance with the California Environmental Quality Act ("CEQA") for Optionee's proposed development; and (iii) a copy of the draft Master Plan.

**3.5 Successive Extensions.** As long as Optionee has fulfilled the requirements of paragraph 3.4 for the first extension, Optionee may extend the term of the Option by successive six (6) month periods by notification to District no later than ten days prior to expiration of the previous extended term. The maximum Option Term, including extensions, shall be fifty-four (54) months. In referring to the total term of the Option Agreement, including extensions, the phrase "**Option Term**" shall be understood to include the initial term and all extensions.

#### **ARTICLE 4** **EXERCISE OF OPTION**

**4.1 Exercise Notice.** This Option shall be exercised by delivering written notice from Optionee to District prior to the Expiration Date (as extended pursuant to Article 3 above) ("**Exercise Notice**"). The Exercise Notice shall affirmatively state that Optionee exercises the Option without condition or qualification.

**4.2 Accompanying Documents.** District's receipt of the Exercise Notice shall be accompanied by the following documents:

**4.2.1** One copy of the final, approved Master Plan; and

**4.2.2** One copy of the fully executed and approved environmental document showing CEQA compliance for the Project, including any mitigation plan required for the Project.

**4.3 Exercise of Option.** Within thirty (30) days after receipt of a complete set of the documents listed herein, the parties shall execute two (2) originals of the Ground Lease/Use Agreement in a form substantially similar to the one attached hereto as **Option Exhibit A**, dated to be effective as of the date of the Exercise Notice.



## **ARTICLE 5**

### **ASSIGNABILITY**

Except as to an assignment of this Option consented to in writing by District (which consent may be withheld in District's sole and arbitrary discretion), neither this Option nor any of Optionee's rights under this Option may be assigned. District shall have the right to require, as a condition to such consent, that there be delivered to District a written agreement in favor of, and in a form approved by, District, to be executed by the assignee obligating the assignee to perform the assignor's obligations under this Option. Consent to one assignment will not constitute a waiver of District's right to consent to any subsequent assignment. If any purported assignment of Optionee's rights hereunder is made or attempted without such prior written consent by District, such purported assignment will be null and void.

## **ARTICLE 6**

### **ENTRY ONTO PROPERTY**

**6.1     Entry Onto Property** At any time and from time to time during the Option Term, Optionee and its employees, agents, representatives and contractors may enter the Property during normal business hours, upon reasonable notice to District, in order to conduct soils tests, environmental assessment work, engineering studies and surveys, and other investigations required by Optionee, at Optionee's sole cost; provided, however, in connection with any such entry, Optionee: (a) shall perform all work in a safe manner; (b) shall not bring any hazardous condition onto the Property; (c) shall repair any damage or disturbance to the Property which it causes; and (d) shall keep the Property free and clear of all mechanics' or materialmen's liens arising out of Optionee's activities. The obligations in this Article 6 shall survive termination of this Option Agreement or the expiration of the term of the Option.

**6.2     Permits.** Before undertaking any activity on the Property which requires a permit from any governmental agency, Optionee shall, at its sole cost, obtain such permit. Optionee shall comply with all applicable governmental laws, ordinances and regulations in the conduct of activity on the Property under this Article 6.

## **ARTICLE 7**

### **INDEMNIFICATION AND INSURANCE**

**7.1     Optionee Indemnification.** County agrees to indemnify District, its Board of Trustees, each member of the Board, its officers, employees, agents and volunteers ("**District's Agents**") against, and to protect, defend, and save them harmless from, all demands, claims, causes of action, liabilities, losses and judgments, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees) for death of or injury to person or damage to property arising out of (i) any occurrence caused by County in, upon or about the Property or the Improvements during the Option Term and (ii) any act or omission of County, its elected officials, officers, employees, agents and volunteers ("**County's Agents**"), relating to this Option

Agreement, except to the extent caused by the active negligence or willful misconduct of District or District's Agents. County's obligation under this paragraph 7.1 shall survive the expiration or earlier termination of this Option Agreement.

**7.2 County Insurance.** Without limiting County's indemnification of District, County shall provide and maintain at its own expense during the Option Term, the following programs of insurance or self-insurance.

**7.2.1 General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the Hacienda La Puente Unified School District, the Board of Trustees and each member of the Board, its officers, employees, agents and volunteers as additional insureds.

**7.2.2 Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

**7.3 District Indemnification.** District agrees to indemnify County and the County Agents against, and to protect, defend, and save them harmless from, all demands, claims, causes of action, liabilities, losses and judgments, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees) for death of or injury to person or damage to property arising out of any acts or omissions of District's Agents relating to this Option Agreement, except to the extent caused by the active negligence or willful misconduct of County or County's Agents. District's obligation under this paragraph 7.3 shall survive the expiration or earlier termination of this Option Agreement.

**7.4 District Insurance.** Without limiting District's indemnification of County, District shall provide and maintain at its own expense during the Option Term, the following programs of insurance or self-insurance.

**7.4.1 General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the County, its officers, employees, agents and volunteers as additional insureds.

**7.4.2 Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

## **ARTICLE 8**

### **DISCRETIONARY PERMITS**

**8.1 Applications.** During the term of this Option Agreement Optionee shall seek certain discretionary permits from governmental entities having jurisdiction over the Property. District shall cooperate with Optionee, shall take all actions and join in all applications and shall execute all documents reasonably necessary to allow Optionee to pursue applications for obtaining such discretionary permits subject to the following terms and conditions:

**8.1.1** District shall not bear any expense or assume any liability in connection with any such governmental permit activity and Optionee shall indemnify, defend, and hold harmless District from any cost, loss, liability or expense (including, without limitation, District's attorney fees and defense costs) arising from or in connection with any such governmental permit activity.

**8.1.2** Optionee shall submit to District copies of all applications.

**8.2 Materials to District.** Upon expiration of the Option Term without exercise of the Option, Optionee will deliver to District, without cost to District, all plans, drawings, surveys, environmental studies, data, test results and other material concerning the use or development of the Property prepared by or for Optionee.

## **ARTICLE 9**

### **MEMORANDUM OF OPTION AND QUITCLAIM DEED**

**9.1 Memorandum of Option.** Concurrently with the execution of this Option, District and Optionee will execute, acknowledge and record in the official records of office of the Los Angeles County Recorder a memorandum of option in the form of Option Exhibit B, attached hereto and by this reference made a part hereof.

**9.2 Quitclaim Deed.** If Optionee does not exercise this Option within the time and in the manner provided in this Option Agreement, Optionee shall immediately deliver to District a quitclaim deed in District's favor, describing the Property, executed and acknowledged by Optionee in recordable form releasing and reconveying to District all right, title and interest of Optionee in the Property.

**ARTICLE 10**  
**GENERAL PROVISIONS**

**10.1 Notices.** All notices, demands and communications between District and Optionee shall be in writing and given by personal delivery; facsimile transmission; electronic transmission; registered mail, return receipt requested, with postage prepaid; Federal Express or other reliable private express delivery, addressed to District or Optionee as follows:

**District:**

Hacienda La Puente Unified School District  
15959 East Gale Avenue  
Industry, California 91745  
Attention: Gary Y. Matsumoto, Ed.D.  
Email: [gmatsumoto@hlpusd.k12.ca.us](mailto:gmatsumoto@hlpusd.k12.ca.us)

**Optionee:**

Chief Executive Office  
County of Los Angeles  
222 South Hill Street  
Los Angeles, California 90012  
Attention: Acting Director of Real Estate  
Email: [wdawson@ceo.lacounty.gov](mailto:wdawson@ceo.lacounty.gov)

Fourth Supervisorial District  
County of Los Angeles  
1199 South Fairway Drive, Suite 111  
Rowland Heights, California 91789  
Attention: Dick Simmons  
Email: [dsimmons@bos.lacounty.gov](mailto:dsimmons@bos.lacounty.gov)

Either party may, by notice to the other given pursuant to this subparagraph, specify additional or different addresses for notice purposes.

**10.2 Business Day.** If the last day for the performance of any obligation or exercise of any right under this Option Agreement falls on a Saturday, Sunday, holiday or a day on which either the District or the County is not open for business, then the date for performance will be extended to the next succeeding day on which both the District and the County are open for business.

**10.3 Exhibits.** All exhibits referred to in this Option Agreement are attached to and made a part of this Option Agreement. Attached hereto are the following exhibits:

**10.3.1 Option Exhibit A - Ground Lease/Use Agreement**

**10.3.2 Option Exhibit B - Memorandum of Option Agreement**

**10.4 Number, Gender, Headings.** Where applicable in this Option Agreement, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The section headings of this Option Agreement are not a part of this Option Agreement and shall have no effect upon the construction or interpretation of any part hereof.

**10.5 Entire Agreement.** The terms of this Option Agreement are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement. No supplement, modification or amendment of this Option Agreement shall be binding unless executed in writing by both parties.

**10.6 Applicable Law.** This Option Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California. Any legal or administrative action arising out of this Option Agreement shall be conducted in Los Angeles County, California.

**10.7 Time.** Time is of the essence with respect to the performance of every provision of this Option Agreement in which time of performance is a factor.

**10.8 Authority to Execute Agreement.** District and Optionee each acknowledge that it has all necessary right, title and authority to enter into and perform its obligations under this Option Agreement, that this Option Agreement is a binding obligation of such party and has been authorized by all requisite action under the party's governing instruments, that the individuals executing this Option Agreement on behalf of such party are duly authorized and designated to do so, and that no other signatories are required to bind such party.

**10.9 Successors.** Each of the covenants, conditions, and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective administrators, successors or assigns. Nothing contained in this paragraph 10.9 shall in any way alter the provision regarding assignment provided in this Option Agreement.

**10.10 District Approval.** Whenever this Option Agreement calls for approval by the District of an action implementing the provisions of this Option Agreement, the Superintendent of the District or his or her designee shall have authority to grant such approval, without necessity of further authorization or approval of the District Board of Trustees.

**10.11 County Approval.** Whenever this Option Agreement calls for approval by the County of an action implementing the provisions of this Option Agreement, the Chief Executive Officer of the County or his designee shall have authority to grant such approval, without necessity of further authorization or approval of the County Board of Supervisors.

**10.12 Nondiscrimination.** District, County and all others who from time to time may use the Property described herein with the permission and on the terms and conditions specified by both parties shall not discriminate in any manner against any person or persons on account of race, color, sex, creed or national origin, including but not limited to the providing of goods, services, facilities, privileges, advantages, and the holding and obtaining of employment.

**[Remainder of page intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement as of the date first above written.

**DISTRICT/OPTIONOR:**

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT**

A school district organized and existing  
under the laws of the State of California

By: \_\_\_\_\_  
BARBARA NAKAOKA, Ed.D., Superintendent

Approved as to form:

Fagen Friedman & Fulfrost, LLP

By: \_\_\_\_\_  
KATHLEEN J. MCKEE, Real Estate Counsel

**COUNTY/OPTIONEE:**

**COUNTY OF LOS ANGELES**

A body corporate and politic

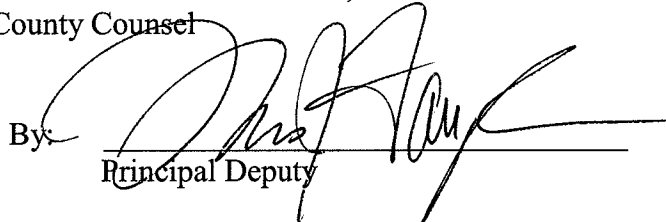
By: \_\_\_\_\_  
DON KNABE  
Chairman, Board of Supervisors

ATTEST:  
Sachi A. Hamai  
Executive Officer, Board of Supervisors

By: \_\_\_\_\_

Approved as to form:

RAYMOND G. FORTNER, JR.  
County Counsel

By:  \_\_\_\_\_  
Principal Deputy

**OPTION EXHIBIT A**

**GROUND LEASE AND JOINT USE AGREEMENT**



**GROUND LEASE AND JOINT USE AGREEMENT**

by and between

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT**

and

**COUNTY OF LOS ANGELES**

dated

---

## **TABLE OF CONTENTS**

Table of Contents .....	i
RECITALS .....	1
ARTICLE 1 .....	2
1.1 Lease .....	2
ARTICLE 2 .....	2
2.1 Basic Provisions .....	2
2.2 Exhibits .....	3
ARTICLE 3 .....	3
3.1 Commencement .....	3
3.2 Term .....	3
ARTICLE 4 .....	3
4.1 Waiver .....	3
ARTICLE 5 .....	4
5.1 Construction and Joint Use .....	4
ARTICLE 6 .....	4
6.1 Utilities .....	4
ARTICLE 7 .....	4
7.1 Applications .....	4
ARTICLE 8 .....	5
8.1 Utility Easements .....	5
ARTICLE 9 .....	5
9.1 Construction .....	5
9.2 District's Approval .....	5
9.3 Initial and Additional Improvements .....	5
9.4 Commencement of Construction .....	5
9.5 Compliance with Laws .....	5
9.6 Mechanics Liens .....	6
9.7 Ownership .....	6
9.8 Surrender .....	6
9.9 Demolition .....	6
ARTICLE 10 .....	6
10.1 Maintenance .....	6
10.2 Repair .....	6
10.3 Damage or Destruction .....	7
ARTICLE 11 .....	7
11.1 Indemnification .....	7
11.2 General Insurance – County Requirements .....	8
11.3 General Insurance – District Requirements .....	8
11.4 Review of Insurance Requirements .....	9
ARTICLE 12 .....	9
12.1 Subleasing .....	9
12.2 Licenses/Permits .....	9
ARTICLE 13 .....	10
13.1 District's Default .....	10

13.2	County's Remedies.....	10
13.3	County's Default .....	10
13.4	District Remedies.....	10
ARTICLE 14	.....	11
14.1	Compliance.....	11
14.2	Notice .....	11
14.3	Indemnification.....	11
14.4	Survive Termination .....	11
14.5	Definition of Hazardous Material.....	11
ARTICLE 15	.....	12
ARTICLE 16	.....	12
16.1	Quiet Enjoyment.....	12
16.2	Right of Entry .....	12
ARTICLE 17	.....	12
17.1	Agreement Governs .....	12
17.2	Termination of Agreement .....	12
17.3	Allocation of Condemnation Award.....	13
ARTICLE 18	.....	13
18.1	Property Records .....	13
18.2	Property Inspections.....	13
ARTICLE 19	.....	13
19.1	Cancellation by County.....	13
19.2	Cancellation by District .....	14
19.3	Cancellation by Agreement of the Parties.....	14
ARTICLE 20	.....	14
20.1	Waiver and Modification .....	14
20.2	Applicable Law.....	14
20.3	Time .....	14
20.4	Authority to Execute Lease .....	14
20.5	Consents .....	14
20.6	Entire Agreement.....	14
20.7	Severability.....	14
20.8	Impartial Construction .....	15
20.9	Successors .....	15
20.10	Notices .....	15
20.11	Counterparts .....	15
20.12	Nondiscrimination .....	15
20.13	District Approval .....	15
20.14	County Approval .....	15
EXHIBIT A	.....	17
EXHIBIT B	.....	18

## **GROUND LEASE AND JOINT USE AGREEMENT**

(Hacienda La Puente School District/County of Los Angeles)

THIS GROUND LEASE AND JOINT USE AGREEMENT ("**Ground Lease/Use Agreement**") is effective as of \_\_\_\_\_, 20\_\_ ("**Effective Date**") by and between the HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California ("**District**"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("**County**").

### **RECITALS**

A. District is the owner of certain real property, consisting of approximately nine (9) acres located at 1234 Valencia Avenue in Hacienda Heights, California, legally described on Lease Exhibit A, attached hereto and made a part hereof by this reference (the "**Property**").

B. The Property has not been used for K-12 classroom purposes for more than ten years and the District's governing board has determined that it will not be needed in the foreseeable future.

C. County seeks property for construction of a community center and related recreational and public improvements to be used jointly by County and District for the provision of recreation and community services and District is willing to lease the Property for such purposes.

D. Sections 10900, *et seq.*, of the California Education Code authorize and empower District and County to cooperate with one another for the purpose of organizing, promoting and conducting programs of community recreation which will contribute to the attainment of general educational and recreational objectives for children and adults of this State and to acquire, construct, improve, maintain and operate recreational facilities.

E. Section 10910 of the California Education Code authorizes the District to use its buildings, grounds and equipment or to grant the use of its buildings, grounds or equipment to any other public authority for community recreational purposes.

F. District desires to lease the Property to County and County desires to lease the Property from District for the purpose of developing a community center and related recreational and public improvements on the Property for joint use by the parties in accordance with the terms set forth in this Ground Lease/Use Agreement/Use Agreement.

NOW THEREFORE, in consideration of the covenants hereinafter contained, District and County agree as follows:

**ARTICLE 1**  
**LEASE**

**1.1 Lease.** District hereby leases the Property to County and County hereby leases the Property from District on the terms and conditions set forth herein.

**ARTICLE 2**  
**BASIC PROVISIONS**

**2.1 Basic Provisions.** For the convenience of the parties, certain basic provisions of this Ground Lease/Use Agreement are set forth herein, which provisions are subject to the remaining terms and conditions of this Ground Lease/Use Agreement and are to be interpreted in light of such remaining terms and conditions.

**2.1.1** Address of the Property: 1234 Valencia Avenue  
Hacienda Heights, California

**2.1.2** Rent: Rent for the initial term is waived as consideration for County's improvement of the Property and District's use of portions of the Property.

**2.1.3** (a) Term Commencement Date: \_\_\_\_\_

(b) Term Expiration Date: \_\_\_\_\_

(c) Option to Extend: \_\_\_\_\_

**2.1.4** Permitted Use: Construction of improvements and any lawful use mutually agreed upon by District and County, including community recreation programs and activities, educational programs and other associated uses.

**2.1.5** Address for Notices:

District:

Hacienda La Puente Unified School District  
15959 E. Gale Avenue  
Industry, CA 91745  
Attention: Gary Y. Matsumoto, Ed.D.  
Email: [gmatsumoto@hlpusd.k12.ca.us](mailto:gmatsumoto@hlpusd.k12.ca.us)

County:

Chief Executive Office  
County of Los Angeles

222 South Hill Street  
Los Angeles, CA 90012  
Attn: Acting Director of Real Estate  
Email: wdawson@ceo.lacounty.gov

Mail to:

Fourth Supervisorial District  
County of Los Angeles  
1199 S. Fairway Drive, Suite 111  
Rowland Heights, CA 91789  
Attn: Dick Simmons  
Email: dsimmons@bos.lacounty.gov

**2.2 Exhibits.** The following exhibits are attached hereto and incorporated herein by this reference:

Lease Exhibit A - Legal Description of Property  
Lease Exhibit B – Memorandum of Understanding

### **ARTICLE 3**

#### **TERM**

**3.1 Commencement.** The term of this Ground Lease/Use Agreement shall commence on the date the option in the Option Agreement is exercised ("**Term Commencement Date**").

**3.2 Term.** The initial term of this Ground Lease/Use Agreement shall be that forty (40) year period beginning from the Term Commencement Date and ending \_\_\_\_\_ ("**Term Expiration Date**"), unless sooner terminated as hereinafter provided. County shall have the option to request an extension of the term for an additional period of not more than thirty-nine (39) years in total, subject to terms in Article 18 below.

### **ARTICLE 4**

#### **RENT**

**4.1 Waiver.** Annual rent payments are waived for the initial term of this Ground Lease/Use Agreement as consideration for County's improvement of the Property and District's shared use of portions of the Property.

## **ARTICLE 5**

### **USE**

#### **5.1 Construction and Joint Use.**

**5.1.1 County Use.** County shall use the Property for construction and operation of a community center, athletic fields, other public improvements for the provision of recreational and community services and associated uses.

**5.1.2 Joint Use; Memorandum of Understanding.** Prior to the Term Commencement Date, County and District shall enter into a memorandum of understanding (“**MOU**”) setting forth a schedule for joint use of the community center and other improvements and the rights and obligations of the parties with respect to joint use of the Property. The term of the MOU shall be concurrent with the initial and any extended term of the Ground Lease/Use Agreement. The MOU shall be attached as **Lease Exhibit B** and by this reference made a part of the Ground Lease/Use Agreement.

**5.2 Compliance with Law.** County shall, at County’s sole cost and expense, comply with all statutes, ordinances and regulations of all governmental entities. If any license, permit or other governmental authorization is required for the lawful use or occupancy of the Property or any portion of the Property, County shall procure and maintain it, at County’s sole cost and expense, throughout the term of this Ground Lease/Use Agreement.

## **ARTICLE 6**

### **UTILITIES**

**6.1 Utilities.** At all times during the term of this Ground Lease/Use Agreement, County shall pay the expenses of all utility services supplied to the Property or Improvements, such utilities including but not limited to all telephone, air conditioning, heating, electricity, gas, water and sewer units, together with any taxes thereon. The MOU shall provide for District reimbursement of the County for utility costs where the District’s use of such utilities is of a continuous and quantifiable nature.

## **ARTICLE 7**

### **DISCRETIONARY PERMITS**

**7.1 Applications.** During the term of this Ground Lease/Use Agreement, District will, promptly upon County’s request, sign (as owner of the Property) and acknowledge any application to any governmental entity having jurisdiction over the Property for any of the discretionary permits necessary for construction of the Improvements, provided that District incurs no cost (other than the administrative and consulting cost necessary for review). No such signing by District will be deemed to be District’s acceptance of, or commitment to satisfy, any condition (i) in or precedent to a discretionary permit or (ii) adversely affecting District’s interest in the Property.

## **ARTICLE 8**

### **EASEMENTS**

**8.1 Utility Easements.** District will execute (as owner of the Property), acknowledge and deliver to County for recording, any grant of easement (i) over, upon, across or under the Property or any portion thereof, (ii) in favor of any governmental subdivision or any gas, electric, telephone or similar company and (iii) for the purpose of (a) widening any street, (b) transmitting potable water, storm water, sewage, gas, electricity, telephone or other communication or (c) providing to the Property and the persons using and enjoying the Property such materials and services as are, from time to time customarily understood to be "utilities."

## **ARTICLE 9**

### **IMPROVEMENTS**

**9.1 Construction.** County shall construct improvements on the Property ("Improvements") in accordance with its improvement plans, any revisions and additional improvement plans (collectively, "Improvement Plans") at County's sole cost and expense, including the expense of design, permitting and construction. County shall obtain and provide to District a certificate of occupancy upon completion of the Improvements.

**9.2 District's Approval.** The Improvement Plans, any revisions and any additional Improvement Plans shall be subject to District's approval, which shall not be unreasonably withheld or delayed. The County's "Improvement Plans" shall consist of the Construction Documents for the Improvements contemplated to be built at that time and an estimated construction schedule for construction of those Improvements. The Improvement Plans shall be included in the MOU as an attachment.

**9.3 Initial and Additional Improvements.** Prior to the Term Commencement Date, the County and District shall agree in writing upon the initial Improvements to be constructed by County, which may consist of a community center, athletic fields, library and other recreation and community service facilities, and such list of agreed upon initial Improvements shall be incorporated into this Ground Lease/Use Agreement as an addenda. Should County decide to construct additional Improvements after the initial Improvements, such additional Improvements shall be agreed to in writing between the District and County; the Improvement Plans shall be subject to District's approval, which shall not be unreasonably withheld or delayed; and the Improvement Plans shall be incorporated into this Ground Lease/Use Agreement as an addenda.

**9.4 Commencement of Construction.** After approval of the Improvement Plans, construction for the initial Improvements shall commence in accordance with the construction schedule approved with the Improvement Plans. The County shall not commence construction until it demonstrates, to the satisfaction of the District, that sufficient funding is or will be available for completion of the Improvement Plans.

**9.5 Compliance with Laws.** The Improvements shall be constructed and all work on the Property shall be performed in accordance with all valid laws, ordinances and regulations of



all federal, state, county or local governmental agencies having jurisdiction over the Property, including but not limited to the Americans with Disabilities Act of 1990 (“ADA”) and the regulations promulgated thereunder, as amended from time to time. All work performed on the Property under this Ground Lease/Use Agreement shall be done in a good and workmanlike manner.

**9.6 Mechanics Liens.** At all times during the term of this Ground Lease/Use Agreement, County shall keep the Property and all Improvements now or hereafter located on the Property free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Property.

**9.7 Ownership.** During the term of this Ground Lease/Use Agreement, title to the Improvements shall be vested in County. Upon expiration or earlier termination of this Ground Lease/Use Agreement, the Improvements shall, without compensation to County, automatically and without any act of County or any third party become District’s property.

**9.8 Surrender.** County shall surrender the Improvements at the expiration of the term or earlier termination of this Ground Lease/Use Agreement, free and clear of all liens and encumbrances, other than those, if any, consented to by District. County agrees to execute, acknowledge and deliver to District, at District’s request, a quitclaim of all of the County’s right, title and interest in and to the Improvements and the Property.

**9.9 Demolition.** District may require County to demolish certain specified and identifiable Improvements at the end of the term. If, no later than one hundred eighty (180) days prior to the expiration of the term or earlier termination of this Ground Lease/Use Agreement, District delivers to County a written request that certain specified and identifiable Improvements be demolished, then County will, at its sole cost, within a reasonable time after such delivery and pursuant to lawful government permits, demolish such Improvements (including in such demolition removal of debris and rough grading of the portion(s) of the Property affected by such demolition).

## **ARTICLE 10** **MAINTENANCE, REPAIR, DAMAGE AND DESTRUCTION**

**10.1 Maintenance.** At all times during the term of this Ground Lease/Use Agreement and for any extended term, County shall, at County’s sole cost and expense, keep and maintain the Property and the Improvements in a first-class condition, in good order and repair, and in a safe and clean condition. Upon the expiration or earlier termination of the term, County shall surrender the Property and the Improvements in good order and condition to the District, ordinary wear and tear excepted. District shall have no obligation to alter, remodel, improve or repair the Property or the Improvements.

**10.2 Repair.** At all times during the term of this Ground Lease/Use Agreement and for any extended term, County shall, at County’s own cost and expense, do all of the following:

**10.2.1** Make all alterations, additions or repairs to the Property or the Improvements required by any valid law, ordinance, statute or regulation now or hereafter issued by any federal, state, county, local or other governmental agency, including but not limited to the ADA, and the regulations promulgated thereunder, as amended from time to time;

**10.2.2** Observe and comply with all valid laws, ordinances, statutes, orders and regulations now or hereafter made respecting the Property or the Improvements by any federal, state, county, local or other governmental agency; and

**10.2.3** Indemnify and hold District free and harmless from any and all liability, loss, damages, fines, penalties, claims and actions resulting from County's failure to comply with and perform the requirements of this section.

**10.3 Damage or Destruction.** In the event of damage to or destruction of all or any portion of the Improvements on the Property, County shall within a reasonable time commence and proceed diligently to repair, reconstruct and restore (collectively, "**restore**") the Improvements to substantially the same condition as they were in immediately prior to the casualty, whether or not insurance proceeds are sufficient to cover the actual cost of restoration. County shall be responsible for all insurance deductibles attributable to the Improvements and for all costs of restoration of the Improvements in excess of insurance proceeds for the Improvements. This Ground Lease/Use Agreement shall continue in full force and effect notwithstanding such damage or destruction; provided, however, that the County may, at its option, demolish the Improvements consistent with Section 9.9 and terminate the Ground Lease/Use Agreement.

## **ARTICLE 11**

### **INDEMNIFICATION AND INSURANCE**

During the term of this Agreement or as otherwise specified herein, the following indemnification and insurance requirements shall be in effect.

#### **11.1 Indemnification.**

**11.1.1 County's Indemnification.** County shall indemnify, defend and hold harmless District, its Board of Trustees, each member of the Board, its officers, employees, agents and volunteers from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with County's construction, repair, maintenance and other acts and/or omissions arising from and/or relating to County's use of the Premises during the term of this Ground Lease/Use Agreement and any extensions thereof.

**11.1.2 District's Indemnification.** District shall indemnify, defend and hold harmless County, its elected officials, officers, employees, agents and volunteers, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with District's ownership of the Premises.

**11.2 General Insurance – County Requirements.** Without limiting County's indemnification of District and at its own expense, County shall provide and maintain the following programs of insurance.

**11.2.1** General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the Hacienda La Puente Unified School District, the Board of Trustees and each member of the Board, its officers, employees, agents and volunteers as additional insureds.

**11.2.2** Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

**11.2.3** Property insurance covering damage to District and County property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), written for the full replacement cost of the property, and including a Waiver of Subrogation in favor of District.

**11.2.4 County Contractors.** Throughout the period of any construction, County shall require its Contractors to provide and maintain, or County shall provide and maintain, types and limits of insurance coverage appropriate to the project, at no cost to the District. All Contractor insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County or the District. The County and District also shall be named as additional insureds under all Contractor general liability coverage.

**11.3 General Insurance – District Requirements.** Without limiting District's indemnification of County and at its own expense, District shall provide and maintain the following programs of insurance.

**11.3.1** General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the County, its officers, employees, agents and volunteers as additional insureds.

**11.3.2** Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

**11.4 Review of Insurance Requirements.** The types and limits of coverage required under this Agreement may be reviewed annually by the District and the County. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to the mutual agreement of the parties.

## **ARTICLE 12** **ASSIGNMENT AND SUBLEASING**

**12.1 Subleasing.** County shall have the right to sublease all or any portion of any Improvements on the Property at all times during the term of this Ground Lease/Use Agreement under the following conditions:

**12.1.1** Any sublease shall not conflict with the District's uses as set forth in the MOU, except as otherwise agreed to by the District;

**12.1.2** The specific use of the subleased space shall be consistent with the County's permitted uses of the Property as set forth in Section 5.1 above and the MOU. All other uses must have the prior written approval of the District, which approval shall not be unreasonably withheld or delayed;

**12.1.3** The term of any sublease shall not extend beyond the term of this Ground Lease/Use Agreement and any extended term;

**12.1.4** Any and all subleases shall be expressly made subject to all of the terms, covenants, and conditions of this Ground Lease/Use Agreement;

**12.1.5** Unless the parties agree otherwise, any rent charged by the County for the subleasing of any portion of the Property in excess of \$5,000 per month shall be divided, net of subtenant's proportional share of reasonable operating costs, between the County and the District in proportion to the fair market rental value of the Improvements and the land subleased, as determined by an independent third party appraisal obtained by County at its expense, with that portion of the rent attributable to the Improvements being allocated to the County and that portion of the rent attributable to the land being allocated to the District; however, nothing herein shall require the County to sublease the Property or any portion thereof for the fair market rental value of said sublease if said sublease is entered into pursuant to Government Code section 26227;

**12.1.6** County shall provide a copy of each sublease to District immediately upon full execution.

**12.2 Licenses/Permits.** Notwithstanding Section 12.1, the County shall be entitled to issue licenses and/or permits for the temporary use of the Improvements and the Property by

community groups, organizations and members of the public, and to charge or waive fees for the use thereof, without the approval of the District, so long as such licensed and/or permitted uses do not conflict with the District's uses as set forth in the MOU. "Temporary use" as used in this Section 12.2 shall mean less than thirty (30) consecutive days.

### **ARTICLE 13** **DEFAULT AND REMEDIES**

**13.1 District's Default.** District shall not be in default of any of its obligations under this Ground Lease/Use Agreement unless District fails to perform such obligations within a reasonable time, but in no event less than thirty (30) days after written notice by County to District specifying wherein District has failed to perform such obligations; provided however, that if the nature of District's default is such that more than thirty (30) days are required for its cure, District shall not be in default if District commences such cure within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

**13.2 County's Remedies.** In the event of any default by District as described in Section 13.1 above, subject to all applicable laws that may restrict remedies against a school district, including, but not limited to, restrictions within the California Education Code, County's remedies under this Ground Lease/Use Agreement are to pursue District for specific performance and/or actual damages, resulting from District's default. County shall have no rights as a result of any default by District until County gives thirty (30) days notice to District, specifying the nature of the default. District shall then have the right to cure such default, and District shall not be deemed in default if District cures such default within thirty (30) days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that District commences cure within such thirty (30) days.

**13.3 County's Default.** County shall not be in default of any of its obligations under this Ground Lease/Use Agreement unless County fails to perform such obligations within a reasonable time, but in no event less than thirty (30) days after written notice by District to County specifying wherein County has failed to perform such obligations; provided however, that if the nature of County's default is such that more than thirty (30) days are required for its cure, County shall not be in default if County commences such cure within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

**13.4 District Remedies.** In the event of any default by County as described in Section 13.3 above, subject to all applicable laws that may restrict remedies against a county, including, but not limited to, restrictions within the California Government Code, District's remedies under this Ground Lease/Use Agreement are to pursue County for specific performance and/or actual damages resulting from County's default. District shall have no rights as a result of any default by County until District gives thirty (30) days notice to County, specifying the nature of the default. County shall then have the right to cure such default, and County shall not be deemed in default if County cures such default within thirty (30) days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that County commences cure within such thirty (30) days.

**ARTICLE 14**  
**HAZARDOUS MATERIALS**

**14.1 Compliance.** During the term of this Ground Lease/Use Agreement, County, at its sole cost, shall comply with all laws, statutes, ordinances, codes, regulations and orders relating to the receiving, handling, use, storage, transportation, discharge, release and disposal of Hazardous Material (as defined below) in or about the Property or the Improvements. All manifests for disposal of any hazardous materials removed from the Property shall be signed by an authorized representative of the District. County shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property or the Improvements by County or County's Agents in a manner or for a purpose prohibited by any federal, state or local agency or authority.

**14.2 Notice.** County shall immediately provide District with telephonic notice, which shall promptly be confirmed by written notice, of any and all spillage, discharge, release and disposal of Hazardous Material onto or within the Property or the Improvements, including the soils and subsurface waters thereof, which by law must be reported to any federal, state or local agency, and any injuries or damages resulting directly or indirectly therefrom.

**14.3 Indemnification.** County agrees to indemnify District against, and to protect, defend, and save it harmless from, all demands, claims, causes of action, liabilities, losses and judgments, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees), which result from County's (or from County's Agents) receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Hazardous Material in, upon or about the Property or the Improvements. District shall be responsible for and shall indemnify, protect, defend and hold harmless County on the same basis as above for any claims which result from District's or from District's Agents receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Hazardous Material in, upon or about the Property or the Improvements.

**14.4 Survive Termination.** County's and District's obligations under this Article 14 shall survive the termination of the Ground Lease/Use Agreement.

**14.5 Definition of Hazardous Material.** As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "**Hazardous Material**" includes, without limitation, any material or substance which is (i) petroleum, (ii) asbestos, (iii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (iv) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), or (v) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601).

**ARTICLE 15**  
**OPTION TO EXTEND**

On or prior to the date which is twelve (12) months before the Term Expiration Date, provided County shall not then be in Default (as defined herein) under the provisions of this Agreement, the County may request to exercise an option to extend this Ground Lease/Use Agreement for an additional term of up to thirty-nine (39) years by providing written notice to District. If County fails to exercise its option as provided for herein, this Ground Lease/Use Agreement shall expire upon the original Term Expiration Date. Upon receipt of a request to extend the term, the District, at its sole discretion, may extend the Term Expiration Date for the period of the additional term upon the same terms and conditions of this Ground Lease/Use Agreement, except that District may elect to charge County an annual rental fee, based on the fair market value of the Property, exclusive of the Improvements, at the time of the request.

**ARTICLE 16**  
**QUIET ENJOYMENT AND RIGHT OF ENTRY**

**16.1 Quiet Enjoyment.** District covenants and agrees that it will not take any action to prevent County's quiet enjoyment of the Property during the term of this Ground Lease/Use Agreement. District reserves full control over the Property to the extent not inconsistent with County's quiet enjoyment and use of the Property.

**16.2 Right of Entry.** District reserves the right for any of its duly authorized representatives to enter the Property at any reasonable time for any reasonable actions, including but not limited to (i) inspecting the Property and (ii) posting in such places as District may select notices of nonresponsibility for works of construction, repair or improvement made by County. In doing so, District shall not interfere with County's enjoyment and use of the Property and Improvements.

**ARTICLE 17**  
**EMINENT DOMAIN**

**17.1 Agreement Governs.** In the event of any acquisition of all or any part of the Property, or any interest therein by eminent domain, whether by condemnation proceeding or transfer in avoidance of an exercise of the power of eminent domain or otherwise during the Term or any extension thereof, the rights and obligations of the parties with respect to such appropriation shall be as provided in this Article 17.

**17.2 Termination of Agreement.** This Ground Lease/Use Agreement shall terminate if the entire Property is permanently taken under the power of eminent domain or if a material part of the Property is taken such that the operation of the Improvements cannot feasibly continue on the remaining portion of the Property. If only a part of the Property is permanently taken under the power of eminent domain and the County can reasonably continue to operate the Improvements as contemplated by this Ground Lease/Use Agreement, this Ground Lease/Use

Agreement shall not terminate and shall remain in full force in effect with respect to the remaining portion of the Property.

**17.3 Allocation of Condemnation Award.** In the event of a permanent condemnation or taking of all or part of the Property at any point during the Term or any extension thereof, the District shall be entitled to any award which may be made in such taking or condemnation to the extent such award relates to the fee title to the Property, and County shall be entitled to any award which may be made in such taking or condemnation to the extent it relates to the Improvements. Nothing contained in this Article 17 shall be deemed to give the District any interest in or to require County to assign to District any separate award, as designated by the condemning authority, and County shall be able to retain any separate award as designated by the condemning authority, made to County for the taking of County's personal property, or the interruption of or damage to County's operations on the Property, except to the extent that the separate award includes damages for lost sublease rent, in which case District shall be entitled to its share of those damages.

## **ARTICLE 18**

### **PROPERTY RECORDS; INSPECTION OF PROPERTY**

**18.1 Property Records.** Within thirty (30) days of the Effective Date of this Ground Lease/Use Agreement, District shall provide to the County copies of all non-privileged or non-confidential books and records of District with respect to the ownership, maintenance, and operation of the Property, including any appraisals, surveys, engineering, environmental and other reports and analyses of the Property which are in District's possession.

**18.2 Property Inspections.** Upon reasonable notice of the County, made from time to time prior to the Term Commencement Date, District shall make the Property available for the County's inspection for the purpose of performing due diligence at County's sole cost and expense, including but not limited to destructive and non-destructive soils, air, structural and environmental testing in, on and under the Property and existing improvements, and County agrees, upon completion of such activities, to restore the Property and existing improvements to substantially the same condition as existed prior to conducting such activities, normal wear and tear excepted.

## **ARTICLE 19**

### **CANCELLATION**

**19.1 Cancellation by County.** This Ground Lease/Use Agreement may be cancelled unilaterally by County by providing prior written notice to the District one hundred and eighty (180) days prior to cancellation. Upon cancellation, County shall convey the Improvements and all fixtures, alterations, additions and improvements thereto to District, including, without limitation, a quitclaim deed for the Improvements, assignment of all agreements, guaranties, warranties, and plans and specifications related to the Improvements, and County shall bear all costs and expenses to convey the Improvements to District and District shall not be required to pay anything.



**19.2 Cancellation by District.** This Ground Lease/Use Agreement may be cancelled unilaterally by District upon County's failure to submit to District Improvement Plans pursuant to Article 9 within three (3) years of the Effective Date or the County's failure to commence construction of the Initial Improvements within five (5) years of the District's approval of the Improvement Plans, by providing prior written notice to the County one hundred and eighty (180) days prior to cancellation. Upon the cancellation date, County shall deliver to District a quitclaim deed in District's favor, describing the Property, executed and acknowledged by County in recordable form releasing and reconveying to District all right, title and interest of County in the Property.

**19.3 Cancellation by Agreement of the Parties.** Notwithstanding Sections 19.1 or 19.2, the Ground Lease/Use Agreement may be cancelled by the mutual agreement of the parties at any time, upon terms and conditions agreed to by the parties.

## **ARTICLE 20** **GENERAL PROVISIONS**

**20.1 Waiver and Modification.** No provision of this Ground Lease/Use Agreement may be modified, amended or added to except by an agreement in writing.

**20.2 Applicable Law.** This Ground Lease/Use Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

**20.3 Time.** Time is of the essence with respect to the performance of every provision of this Ground Lease/Use Agreement in which time of performance is a factor.

**20.4 Authority to Execute Lease.** District and County each acknowledge that it has all necessary right, title and authority to enter into and perform its obligations under this Ground Lease/Use Agreement, that this Ground Lease/Use Agreement is a binding obligation of such party and has been authorized by all requisite action under the party's governing instruments, that the individuals executing this Ground Lease/Use Agreement on behalf of such party are duly authorized and designated to do so, and that no other signatories are required to bind such party.

**20.5 Consents.** Whenever consent or approval of either party is required, that party shall not unreasonably withhold or delay such consent or approval, except as may be expressly set forth to the contrary.

**20.6 Entire Agreement.** The terms of this Ground Lease/Use Agreement are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement.

**20.7 Severability.** Any provision of this Ground Lease/Use Agreement which proves to be invalid, void, or illegal in no way affects, impairs or invalidates any other provision hereof, and such other provisions shall remain in full force and effect.

**20.8 Impartial Construction.** The language in all parts of this Ground Lease/Use Agreement shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either the District or County.

**20.9 Successors.** Each of the covenants, conditions, and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective administrators, successors, assigns, or any person who may come into possession of the Property, the Improvements or any part thereof. Nothing contained in this paragraph 20.9 shall in any way alter the provisions regarding subleasing provided in this Ground Lease/Use Agreement.

**20.10 Notices.** All notices, demands and communications between District and County shall be in writing and given by personal delivery; facsimile transmission; electronic mail; registered mail, return receipt requested, with postage prepaid; Federal Express or other reliable private express delivery, addressed to County or District at the addresses shown in paragraph 2.1.5 above. Either party may, by notice to the other given pursuant to this subparagraph, specify additional or different addresses for notice purposes.

**20.11 Counterparts.** This Ground Lease/Use Agreement may be executed in one or more counterparts, each of which shall constitute an original.

**20.12 Nondiscrimination.** District, County and all others who from time to time may use the Property and Improvements described herein with the permission and on the terms and conditions specified by both parties shall not discriminate in any manner against any person or persons on account of race, color, sex, creed or national origin, including but not limited to the providing of goods, services, facilities, privileges, advantages, and the holding and obtaining of employment.

**20.13 District Approval.** Whenever this Ground Lease/Use Agreement calls for approval by the District of an action implementing the provisions of this Ground Lease/Use Agreement, the Superintendent (insert title) of the District or his or her designee shall have authority to grant such approval, without necessity of further authorization or approval of the District Board of Trustees.

**20.14 County Approval.** Whenever this Ground Lease/Use Agreement calls for approval by the County of an action implementing the provisions of this Ground Lease/Use Agreement, the Chief Executive Officer of the County or his designee shall have authority to grant such approval, without necessity of further authorization or approval of the County Board of Supervisors.

**[Remainder of page intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have executed this Ground Lease/Use Agreement as of the date first above written.

**DISTRICT:**

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT**

A school district organized and existing  
under the laws of the State of California

By: \_\_\_\_\_  
BARBARA NAKAOKA, Ed.D., Superintendent

Date: \_\_\_\_\_

**Approved as to form:**

Fagen Friedman & Fulfroft, LLP

By: \_\_\_\_\_  
KATHLEEN J. MCKEE, Real Estate Counsel

**COUNTY:**

**COUNTY OF LOS ANGELES**

A body corporate and politic

By: \_\_\_\_\_  
DON KNABE  
Chairman, Board of Supervisors

ATTEST:  
Sachi A. Hamai  
Executive Officer, Board of Supervisors

By: \_\_\_\_\_  
Deputy

**Approved as to form:**

RAYMOND G. FORTNER, JR.  
County Counsel

By: \_\_\_\_\_  
Deputy

**EXHIBIT A to Ground Lease and Joint Use Agreement**

**Legal Description**

**Hillgrove site**

Lots 40 and 41 of Tract No. 1953, as per map recorded in book 22 pages 158 and 159 of Maps, in office of the county recorder, in county of Los Angeles, state of California.

EXCEPTING therefrom the westerly 60 feet of lot 41 for road purposes.

EXCEPTING therefrom an area for the Palm Canyon School, beginning at a point on the most southerly corner of lot 40, thence westerly 446 feet along the southern boundary of the property, thence northerly 116 feet along a line parallel to the eastern boundary of the property, thence easterly 238 feet along a line parallel to the southern boundary of the property, thence northerly 69 feet along a line parallel to the eastern boundary of the property, thence easterly 208 feet along a line parallel to the southern boundary of the property, thence southerly 185 feet along the eastern boundary of the property to point of beginning.

**[Legal Description subject to confirmation by survey during the Option Term.]**

**EXHIBIT B**

**MEMORANDUM OF UNDERSTANDING**

**OPTION EXHIBIT B**

**FORM MEMORANDUM OF OPTION**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Property Management Section

*Space Above This Line For Recorder's Use*

APN: 8217-032-900 (por.)

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES  
PURSUANT TO GOVERNMENT CODE § 27383.

THIS DOCUMENT IS EXEMPT FROM DOCUMENTARY  
TRANSFER TAX PURSUANT TO REVENUE & TAXATION CODE § 11922

**MEMORANDUM OF OPTION**

This Memorandum of Option is made on \_\_\_\_\_ between  
HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, a school district organized  
and existing under the laws of the State of California ("**District**" or "**Optionor**") and  
COUNTY OF LOS ANGELES, a body corporate and politic ("**County**" or "**Optionee**"),  
who agree as follows:

1. **Option Agreement.** Optionor and Optionee entered into the Option Agreement for Ground Lease and Joint Use (Hillgrove), effective as of \_\_\_\_\_, 2009 ("**Option Agreement**"), which is memorialized by this Memorandum of Option.
2. **Option Property.** Under the Option Agreement, Optionor grants to Optionee the option to lease the real property described in the attached Exhibit A ("**Option Property**").
3. **Term.** The initial term of this Option shall be thirty-six (36) months, commencing on the Effective Date ("**Option Term**"). The initial Option Term shall expire on the first day of the thirty-seventh (37th) month after the Effective Date ("**Expiration Date**").

4. **Extensions.** Optionee has the right to extend the Termination Date for three (3) six (6)-month periods subject to the terms and conditions set forth in the Option Agreement.

5. **Recordation.** This Memorandum of Option is prepared for the purpose of recordation and shall not alter or affect in any way the rights and obligations of Optionor and Optionee under the Option Agreement. In the event of any inconsistency between this Memorandum of Option and the Option Agreement, the terms of the Option Agreement shall control.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Option as of the date first set forth above.

**DISTRICT/OPTIONOR:**

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT**

A school district organized and existing  
under the laws of the State of California

By: \_\_\_\_\_  
BARBARA NAKAOKA, Ed.D., Superintendent

Approved as to form:

Fagen Friedman & Fulfroft, LLP

By: \_\_\_\_\_  
KATHLEEN J. MCKEE, Real Estate Counsel

**COUNTY/OPTIONEE:**

**COUNTY OF LOS ANGELES**

A body corporate and politic

By: \_\_\_\_\_  
DON KNABE  
Chairman, Board of Supervisors

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF LOS ANGELES            )

On January 6, 1987, the Board of Supervisors for the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts adopted a resolution pursuant to Section 25103 of the Government Code which authorized the use of facsimile signatures of the Chairperson of the Board on all papers, documents, or instruments requiring said signature.

The undersigned hereby certifies that on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, the facsimile signature of \_\_\_\_\_, Chairman of the Board of Supervisors of the County of Los Angeles was affixed hereto as the official execution of this document. The undersigned further certifies that on this date, a copy of the document was delivered to the Chairperson of the Board of Supervisors of the County of Los Angeles.

In witness whereof, I have also hereunto set my hand and affixed my official seal the day and year above written.

SACHI A. HAMAI, Executive Officer  
Board of Supervisors, County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By \_\_\_\_\_  
Deputy



**EXHIBIT A to Option Memorandum**

**Legal Description**

**Hillgrove Site**

Lots 40 and 41 of Tract No. 1953, as per map recorded in book 22 pages 158 and 159 of Maps, in office of the county recorder, in county of Los Angeles, state of California.

EXCEPTING therefrom the westerly 60 feet of lot 41 for road purposes.

EXCEPTING therefrom an area for the Palm Canyon School, beginning at a point on the most southerly corner of lot 40, thence westerly 446 feet along the southern boundary of the property, thence northerly 116 feet along a line parallel to the eastern boundary of the property, thence easterly 238 feet along a line parallel to the southern boundary of the property, thence northerly 69 feet along a line parallel to the eastern boundary of the property, thence easterly 208 feet along a line parallel to the southern boundary of the property, thence southerly 185 feet along the eastern boundary of the property to point of beginning.

**[Legal Description subject to confirmation by survey during the Option Term.]**

## EXHIBIT A

### Ground Lease and Joint Use Agreement

#### Legal Description

#### Hillgrove Site

Lots 40 and 41 of Tract No. 1953, as shown on map recorded in Book 22, pages 159 and 160, of Maps, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles.

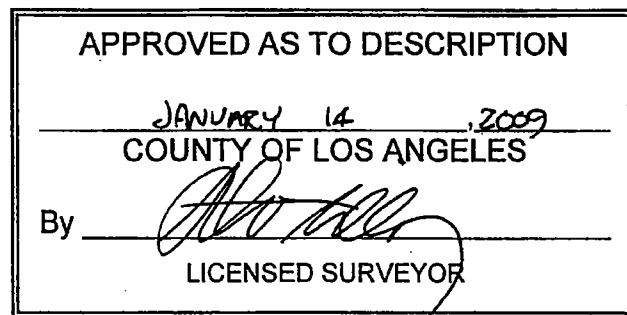
EXCEPTING therefrom the northwesterly 60 feet of said Lot 41.

ALSO EXCEPTING therefrom the southeasterly 10 feet of the northeasterly 475 feet of said Lot 40.

ALSO EXCEPTING THEREFROM that portion of said Lots 40 and 41 within the following described boundaries:

Beginning at the most southerly corner of said Lot 40; thence northwesterly, along the southwesterly line of said Lots 40 and 41, a distance of 446 feet; thence northeasterly, along a line parallel with the southeasterly line of said Lot 40, a distance of 116 feet; thence southeasterly, along a line parallel with said southwesterly line of Lots 40 and 41, a distance of 238 feet; thence northeasterly, along a line parallel with said southeasterly line of said Lot 40, a distance of 69 feet; thence southeasterly, along a line parallel with the southwesterly line of said Lot 40, a distance of 208 feet to said southeasterly line of Lot 40; thence southwesterly, along said southeasterly line, a distance of 185 feet to the point of beginning.

Containing: 7.46± acres.



RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Property Management Section

*Space Above This Line For Recorder's Use*

APN: 8217-032-900 (por.)

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES  
PURSUANT TO GOVERNMENT CODE § 27383.

THIS DOCUMENT IS EXEMPT FROM DOCUMENTARY  
TRANSFER TAX PURSUANT TO REVENUE & TAXATION CODE § 11922

### **MEMORANDUM OF OPTION**

This Memorandum of Option is made on \_\_\_\_\_ between  
HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, a school district organized  
and existing under the laws of the State of California ("**District**" or "**Optionor**") and  
COUNTY OF LOS ANGELES, a body corporate and politic ("**County**" or "**Optionee**"),  
who agree as follows:

1. **Option Agreement.** Optionor and Optionee entered into the Option Agreement for Ground Lease and Joint Use (Hillgrove), effective as of \_\_\_\_\_, 2009 ("**Option Agreement**"), which is memorialized by this Memorandum of Option.
2. **Option Property.** Under the Option Agreement, Optionor grants to Optionee the option to lease the real property described in the attached Exhibit A ("**Option Property**").
3. **Term.** The initial term of this Option shall be thirty-six (36) months, commencing on the Effective Date ("**Option Term**"). The initial Option Term shall expire on the first day of the thirty-seventh (37th) month after the Effective Date ("**Expiration Date**").
4. **Extensions.** Optionee has the right to extend the Termination Date for three (3) six (6)-month periods subject to the terms and conditions set forth in the Option Agreement.

5. **Recordation.** This Memorandum of Option is prepared for the purpose of recordation and shall not alter or affect in any way the rights and obligations of Optionor and Optionee under the Option Agreement. In the event of any inconsistency between this Memorandum of Option and the Option Agreement, the terms of the Option Agreement shall control.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Option as of the date first set forth above.

**DISTRICT/OPTIONOR:**

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT**

A school district organized and existing  
under the laws of the State of California

By: \_\_\_\_\_  
BARBARA NAKAOKA, Ed.D., Superintendent

Approved as to form:

Fagen Friedman & Fulfrost, LLP

By: \_\_\_\_\_  
KATHLEEN J. MCKEE, Real Estate Counsel

**COUNTY/OPTIONEE:**

**COUNTY OF LOS ANGELES**

A body corporate and politic

By: \_\_\_\_\_  
DON KNABE  
Chairman, Board of Supervisors

[illegible]

On January 6, 1987, the Board of Supervisors for the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts adopted a resolution pursuant to Section 25103 of the Government Code which authorized the use of facsimile signatures of the Chairperson of the Board on all papers, documents, or instruments requiring said signature.

The undersigned hereby certifies that on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, the facsimile signature of \_\_\_\_\_, Chairman of the Board of Supervisors of the County of Los Angeles was affixed hereto as the official execution of this document. The undersigned further certifies that on this date, a copy of the document was delivered to the Chairperson of the Board of Supervisors of the County of Los Angeles.

In witness whereof, I have also hereunto set my hand and affixed my official seal the day and year above written.

**SACHI A. HAMAI, Executive Officer**  
**Board of Supervisors, County of Los Angeles**

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

(By Ms. [Signature] Deputy

**EXHIBIT A to Option Memorandum**  
**Legal Description**  
**Hillgrove Site**

Lots 40 and 41 of Tract No. 1953, as per map recorded in book 22 pages 158 and 159 of Maps, in office of the county recorder, in county of Los Angeles, state of California.

EXCEPTING therefrom the westerly 60 feet of lot 41 for road purposes.

EXCEPTING therefrom an area for the Palm Canyon School, beginning at a point on the most southerly corner of lot 40, thence westerly 446 feet along the southern boundary of the property, thence northerly 116 feet along a line parallel to the eastern boundary of the property, thence easterly 238 feet along a line parallel to the southern boundary of the property, thence northerly 69 feet along a line parallel to the eastern boundary of the property, thence easterly 208 feet along a line parallel to the southern boundary of the property, thence southerly 185 feet along the eastern boundary of the property to point of beginning.

**[Legal Description subject to confirmation by survey during the Option Term.]**

# EXHIBIT A

## Option Memorandum

### Legal Description

#### Hillgrove Site

Lots 40 and 41 of Tract No. 1953, as shown on map recorded in Book 22, pages 159 and 160, of Maps, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles.

EXCEPTING therefrom the northwesterly 60 feet of said Lot 41.

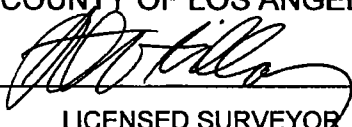
ALSO EXCEPTING therefrom the southeasterly 10 feet of the northeasterly 475 feet of said Lot 40.

ALSO EXCEPTING THEREFROM that portion of said Lots 40 and 41 within the following described boundaries:

Beginning at the most southerly corner of said Lot 40; thence northwesterly, along the southwesterly line of said Lots 40 and 41, a distance of 446 feet; thence northeasterly, along a line parallel with the southeasterly line of said Lot 40, a distance of 116 feet; thence southeasterly, along a line parallel with said southwesterly line of Lots 40 and 41, a distance of 238 feet; thence northeasterly, along a line parallel with said southeasterly line of said Lot 40, a distance of 69 feet; thence southeasterly, along a line parallel with the southwesterly line of said Lot 40, a distance of 208 feet to said southeasterly line of Lot 40; thence southwesterly, along said southeasterly line, a distance of 185 feet to the point of beginning.

Containing: 7.46± acres.



APPROVED AS TO DESCRIPTION	
JANUARY 21, 2009	
COUNTY OF LOS ANGELES	
By	
	LICENSED SURVEYOR